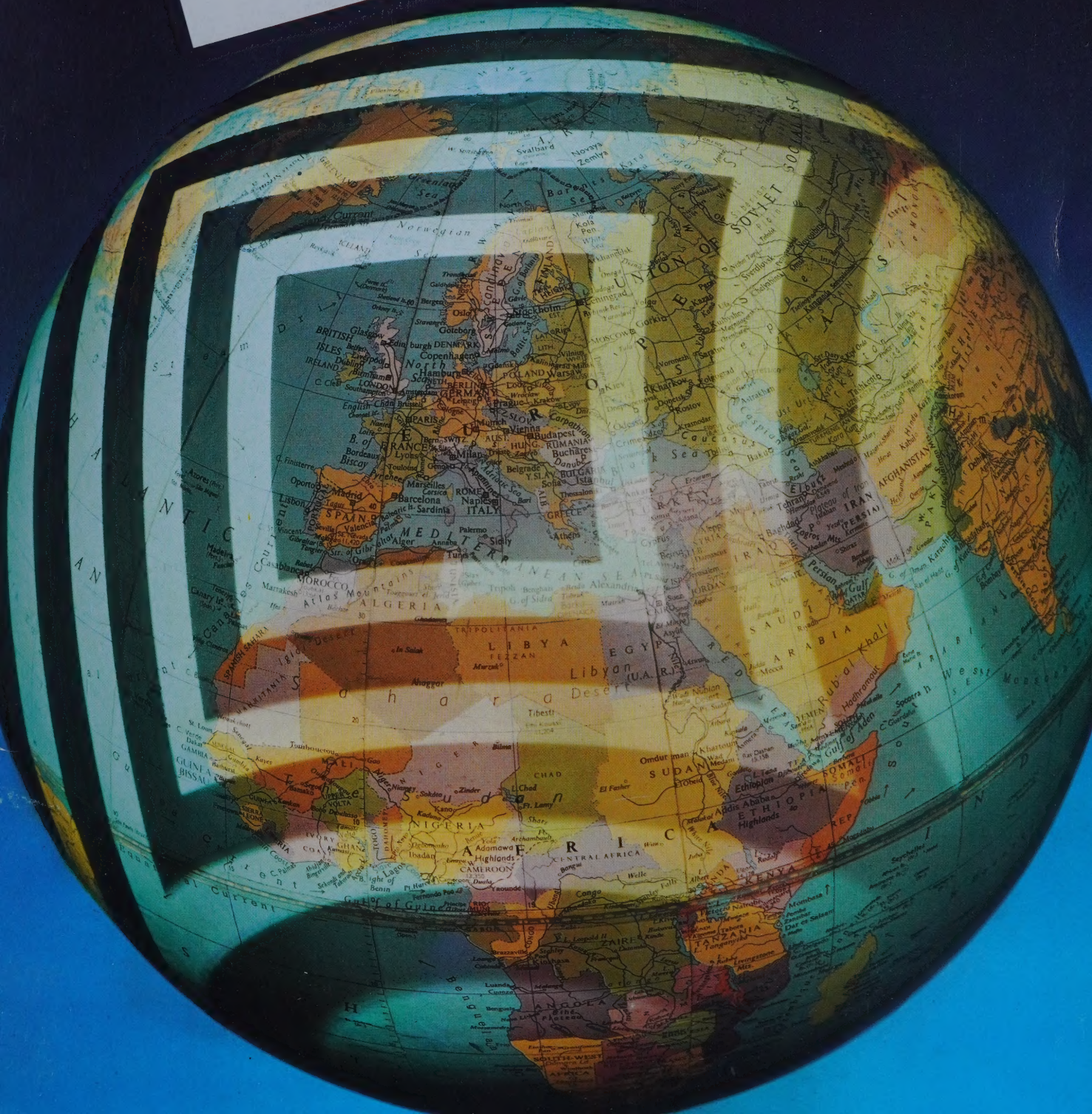


Reed International Limited
Annual report for the year ended 31 March 1976

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Reed International Limited

Annual report for the year ended 31 March 1976

Directors

A A Jarratt CB, BComm / *Chairman and Chief Executive*
H W Broad FCA, ACMA / *Deputy Chairman*
R W Billingsley BSc, BS(Econ) / *Chief Executive Reed Paper Ltd. (Canada)*
E S Birk BA, Solicitor / *Non executive Director*
L A Carpenter / *Chief Executive International Publishing Corporation Limited*
J D Cormie MA, FCA / *Finance Director*
M K Collins BSc, MICE / *Chief Executive Reed Building Products Limited*
K H Davenport / *Managing Director Reed Consolidated Industries Limited (Australia)*
J H Harvey-Jones MBE / *Non executive Director*
C H H King / *Chief Executive The Wall Paper Manufacturers Limited*
J H Macdonald CA / *Non executive Director*
J H Smeddle / *Chief Executive Reed Corporation (Pty) Limited (South Africa)*
G S G Witherington MA / *Chief Executive Reed Group Limited*

Secretary

G G Stocks CA

Registered Office

Reed House
82 Piccadilly London W1A 1EJ

Registrars

Tudor Registrars Limited
Bourne House 34 Beckenham Road
Beckenham Kent BR3 4TU

Auditors

Champhess Cowper & Co.
London

Contents

Directors	1	Notes on the accounts	29
Notice of meeting	2	Accounting policies	36
Financial highlights and calendar	2	Associated companies	37
Statement by the Chairman	3	Summary of consolidated accounts adjusted for inflation	38
Directors' report	9	Directors' interests in share and loan capital	40
Auditors' report	24	Analysis of sales and trading profit	41
Consolidated profit and loss account	26	Analysis of ordinary shareholders	41
Consolidated balance sheet	27	Statistics for ten years	42
Parent Company balance sheet	28	Principal subsidiary companies	44 and 49

Notice of meeting

Notice is hereby given that the Seventy-third Annual General Meeting of Reed International Limited will be held at The Chartered Insurance Institute, 20 Aldermanbury London EC2V 7HY on Thursday 29 July 1976 at 12 noon for the following purposes:

To adopt the Report of the Directors and the Accounts of the Company for the year ended 31 March 1976.

To declare a final dividend on the Ordinary Shares.

To re-elect the following Directors:

R W Billingsley

C H H King

G S G Witherington

J H Harvey-Jones

J H Macdonald

J D Cormie

To authorise the Directors to fix the remuneration of the Auditors.

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him. A proxy need not be a member.

By Order of the Board
G G Stocks, Secretary
Reed House
82 Piccadilly London W1A 1BJ

28 June 1976

Notes

Only holders of Ordinary Shares are entitled to attend or be represented at the Meeting.

A copy of one Director's Service Contract with the Company is available for inspection at the registered office of the Company during normal business hours and at the place of the Annual General Meeting from 11.45 a.m. until the conclusion of the meeting. No other Director has a Service Contract which is not determinable by the Company within one year without payment of compensation.

Financial highlights and calendar

<i>£million</i>	1976	1975	Financial year end:	31 March 1976
Sales United Kingdom	647	613	Preliminary results for the year issued:	25 May 1976
Sales Overseas	416	356	Annual Report for the year issued:	28 June 1976
Sales Total	1,063	969	Annual General Meeting:	29 July 1976
Profit before taxation	37	85	First quarter's results issued:	End July 1976
Profit after taxation	16	45	Second quarter's results issued:	Early November 1976
Capital employed	737	627	Third quarter's results issued:	End January 1977
Capital expenditure	54	39	Ordinary dividends payable:	Interim 8 January 1976 Final 10 August 1976
<i>Pence</i>				
Earnings per ordinary share	14.3p	45.4p		
Dividends per ordinary share:				
Amount paid	11.1p	10.3p		
With tax credit	17.0p	15.6p		
<i>Thousands</i>				
Shareholders	79	84		
Employees	87	83		

Statement by the Chairman

Last year was probably the worst experienced by pulp and paper makers since the war. The rapid turn down in world economic activity left the industry and its customers with massive stocks, reduced demand and serious under-utilisation of capacity. Recovery has been slow; only in the United States can it be said that, after a hesitant start, the economy is moving up. Elsewhere, the extended period of de-stocking has ended, but the ensuing level of demand is still well below the industry's capacity to supply. The Canadian pulp and paper industry suffered the further blow of major strikes. In our case, three months' production was lost in British Columbia and 14 weeks in Quebec, both major sources of the Company's profits.

The building industry was another hard hit area. Again, this has been a world-wide phenomenon, with poor demand, excess capacity and keen competition for orders. It has been especially marked in Europe, causing considerable difficulties for our tile and sanitaryware operations in Holland. However, our plastics pipes and fittings business in the UK, Key Terrain, has performed well as has Walker Crosweller, the company we acquired earlier in the year.

Our publishing activities have remained buoyant despite reduced circulations and a generally depressed advertising market. It is particularly pleasing to report that the newspaper division moved back into profit this year after losses in the previous two.

Decorative products in the UK felt the effects of customers' reduced discretionary incomes as the year progressed, though there were signs of a recovery towards the end. In Canada and the United States the results from this activity were severely affected not only by a weak market but also by a major reorganisation of the whole business, including the closing of a wallcoverings factory in New Jersey.

In short then, a difficult year. But it was marked by a number of major developments that will strengthen the Company's operational base for the future. Firstly, we continued to invest in new plant, equipment and factories, some of them major schemes such as starting the extensive reconstruction of the Dryden Mill in Canada; completing a new pulp and paper mill at Stanger in South Africa and a new linerboard mill in Mississauga near Toronto; and introducing new technology into Mirror Group Newspapers, as well as many other important items throughout the Company. Our capital expenditure in 1975/76 was £54 million compared with £39 million in the previous year.



Two major developments give Reed Group Limited increased market penetration and broaden its geographical spread.

In the UK packaging industry and in particular the corrugated case sector, Reed Group is already predominant. Consequently its strategy now is to embrace the continent of Europe as a natural extension of its British operations. As part of this strategy it has acquired De Hoop H. Bos En Zonen B.V., Holland's leading manufacturer of corrugated cases, which it produces at three factories, in addition to owning a solid fibreboard case factory and a modern pulp and paper mill making packaging grades. Another Dutch corrugated case and packaging materials organisation, Van Meurs Golfcartonfabrieken, is already part of Reed Group.

In the UK Reed Group are carrying out negotiations to acquire the balance of the shares of J & J Maybank, Britain's largest waste paper organisation, in which it already had a 50% interest. Maybank has a UK national network, as well as European operations, and in addition to securing the supply of waste paper for the Group it is also a major supplier to other British and continental papermakers.

Waste paper is Britain's major indigenous raw material for paper and board making and processes such as removal of ink, which Reed technologists have been particularly successful in developing during recent years, now make it possible to produce certain grades of paper containing 100% waste. Using waste paper conserves Britain's foreign currency by reducing imports of wood pulp.

These developments are two examples of Reed Group's policy to capitalise on its strengths and expertise. In addition some £10 million was spent on new plant and modernisation of existing equipment.

Secondly, we made a major advance in packaging. This is one of the Company's most successful activities, in which we have extensive experience and skill in the UK and on which we believe we should build for the future. We already have packaging activities in Canada, which are being extended; in Australia, where a new programme of capital expenditure is under way; and in Europe, through our Dutch subsidiary, van Meurs. To these have now been added De Hoop, a principal manufacturer of corrugated cases and boxes in Holland, and a majority shareholding in Nampak, the biggest packaging manufacturer in South Africa. These, combined with continued investment in our UK factories, make Reed International one of the largest and most effective companies in this field in the world.

Thirdly, we have committed ourselves to a higher level of performance throughout the Company. This means establishing systematic programmes of improvement throughout all our activities and so increasing the effectiveness of every person employed. We have taken important steps already that will produce benefits in the current year. It is an on-going process: one that is essential for the Company's profitability and thus its ability to provide secure and satisfactory employment, investment in new plant and equipment, and enhanced value to the shareholders' capital.

It is this process of strengthening the Company's operational base rather than the present, somewhat uncertain, progress towards economic recovery that gives me confidence in the current financial year since the continuing lack of buoyancy in most of the countries in which we operate suggests a slower up-swing in the cycle, and a slower reduction in inflation, than has been expected in some quarters.

This is particularly true of the UK. I stated in last year's Annual Report that major corrective action against inflation 'must be the top national priority and nothing should be allowed to stand in its way'. Since then, the Government has started to tackle the two root causes of the problem, escalating incomes and public expenditure. The first phase of the incomes policy has been an undoubted success. It is to be hoped that the proposed second phase will be too. But while acknowledging the efforts made by the Government and the TUC, it has to be said that we should never have allowed ourselves to get into so terrifying a position in the first place. This lesson needs to be fully learned if we are to safeguard the success of the second phase of the



Reed Paper Ltd. in the past year has undertaken major development programmes in virtually all its business groups.

The Pulp and Paper Group, which operates mills in Quebec City and Dryden, Ontario, has begun a multi-year, C\$120 million programme to modernise and optimise its Dryden kraft pulp and paper mill.

Within the Linerboard and Pigments Group, Reed this year completed construction of a C\$32 million linerboard mill at Mississauga, west of Toronto, and started production early in May. This mill, which produces linerboard and medium for the corrugated packaging industry, uses secondary fibres as its raw material.

The Packaging Group has completed several expansionary moves. In 1975 it doubled the size of its bag-making plant in Winnipeg. It also opened a major new bag plant near Montreal. This year, it opened its first flexible packaging plant in the United States, in a suburb of Minneapolis/St. Paul.

During 1975, Reed acquired Alpa Industries Limited, a major distributor of lumber and building products, which has become Reed Lumber Company Ltd, and progress is well ahead to start up a plywood plant in British Columbia as a joint venture company in which it is the major partner.

Within the Decorative Products Group, which makes and distributes wallcoverings, fine fabrics, furniture, and custom-made draperies, Reed has accomplished several major developments. It has integrated the wallcovering division of Dwoskin Inc, of Atlanta, Georgia, into its own Wallcovering Division, substantially expanding Reed's wallcovering distribution system in the U.S.

incomes policy and to lay sound foundations for what follows in the summer of 1977. It is continuing doubts overseas about whether we have learned this lesson that are the source of the continuing and damaging depreciation of sterling.

Allied to this is grave concern over the level of national and local government expenditure with its accompanying burden of taxation and debt. Industry—whether privately or publicly owned and on which the creation of the country's wealth and support of its social fabrics depends—is having to reassess its priorities and improve its effectiveness in trying to meet them. The same should be true of public expenditure. It is irresponsible to suggest—as some do—that, in saying this, producers such as ourselves are less in favour of a compassionate society than those who are forever talking about it. Their compassion is only given effect by our affluence and it is time that this, and the vital contribution made to it by management, was fully recognised and endorsed by Government.

I would like to thank Wilfrid Broad, who retires on 31 July, for the outstanding services he has given to the Company as Finance Director and Deputy Chairman over many years; and also Gordon Cartwright who left the Board during the year and who gave me great support during my years at International Publishing Corporation. I welcome John Harvey-Jones and Howard Macdonald as non-executive Directors and am most grateful for the contributions they have already made; also David Cormie who has just joined the Board as Finance Director. In conclusion, I would like to thank all the Company's employees for the way they have performed during a most difficult year and express my confidence in the outcome of their continued efforts this year.



AA Jarratt/Chairman and Chief Executive

Directors' report

The Directors present their Report and the Accounts for the year ended 31 March 1976.

Principal activities

Reed International Limited is an international company based in the United Kingdom holding world-wide interests and investments in some 40 countries.

The principal activities of the companies within Reed International are pulp and lumber, paper and board, packaging and stationery manufacturing and conversion; the production and marketing of decorative products including wallcoverings, paint, textiles, furnishing fabrics and carpets, and 'do-it-yourself' products; the printing and publishing of newspapers, consumer and business magazines, books, business directories, and general printing; and the manufacturing and marketing of building products including plastic pipes, guttering and fittings, pitch fibre pipes, irrigation products, baths, ceramic sanitaryware and tiles.

The companies carrying on these activities in Europe are grouped into five divisions—Reed Group, Mirror Group Newspapers, International Publishing Corporation, The Wall Paper Manufacturers and Reed Building Products.

The names of some of its companies, brands and publication titles that are particularly well known to the public in the UK include Crown (paint and wallcoverings), Sanderson (fabrics and wallcoverings), Polycell (handyman and DIY products), Thomson Shepherd (carpets), Twyfords (ceramic sanitaryware), Plus Fabric (stationery and printing paper), Hamlyn's (books), Butterworths (legal publications) and Daily Mirror, Sunday Mirror, Sunday People, Woman, Woman's Own, Woman's Realm,

Woman's Weekly, Woman and Home, Ideal Home, Homes and Gardens and Country Life (newspapers and magazines).

Outside Europe, the companies engaged in these activities are mainly grouped into three further divisions—Reed Consolidated Industries, Reed Paper and Reed Corporation—based on operations in Australia, Canada and South Africa respectively, shares in the holding companies of the first two divisions being publicly quoted in their respective countries.

Financial

Consolidated results

The worldwide economic recession which persisted throughout most of the financial year has affected all the Company's activities. Whilst the particular incidence of inflation and the low level of economic activity has differed between the various countries in which Reed operates, the overall effect has been similar.

Total sales for the year were £1,063.6 million, an increase of 9.8% above last year, but sales volume was materially lower. The combination of lower volume and increases in costs not fully recovered in selling prices, resulted in a 39.8% fall in Operating Profit to £61.5 million despite retrenchment measures.

Additional long term loans of £51 million were raised during the year. The interest payable, less investment income, increased by £7.4 million over that of the previous year.

The lower profits gave rise to a charge for taxation of £21.9 million, substantially lower than last year.

The profit attributable to members of the

Company for the year was £13.3 million, after providing for taxation and outside interests in the profit of subsidiaries but before charging extraordinary items, a reduction of 67.6% compared with the previous year.

Dividends

The Directors recommend payment of a final dividend of 5.122p per £1 Ordinary Share for the year, to be paid on 10 August 1976 to shareholders on the register on 18 June 1976.

This final dividend, together with the interim dividend of 5.9555p per £1 Ordinary Share paid on 8 January 1976, makes a total dividend for the year of 11.0775p, which compares with 10.283p for the previous year. The amount of the dividends, taking into account the imputed tax credit, is 17.0423p which compares with 15.5825p for the previous year.

The dividends declared for the year represent the maximum allowed under the statutory dividend controls in force on 25 May 1976, the date of recommendation by the Board.

The payment of Ordinary and Preference dividends will total £10.3 million and after charging £2.1 million in respect of extraordinary items will leave £0.9 million to be added to reserves.

Balance Sheet

Total net assets increased from £626.7 million to £737.3 million mainly due to acquisitions made during the year and the effect of increases in overseas assets and liabilities arising from exchange rate fluctuations. Capital expenditure on fixed assets amounted to £53.9 million.

The year has been remarkable for the volatility of exchange rates. The Company's financial position was affected by devaluations of sterling, the New Zealand dollar and the South African rand and the movement of the Canadian dollar from a discount to a premium over the

US dollar. The net effect of these on the Consolidated Balance Sheet is shown in Note 6 to be £0.1 million. This arises from the sterling value of foreign currency indebtedness of UK companies increasing but being offset by an increase in the sterling value of the assets of overseas companies.

Trading

Apart from the world-wide economic events which affected all parts of Reed International, a number of particular factors applied to individual divisions.

Reed Group

The capital intensive paper mills and the packaging and office supply companies all operated at low levels of capacity throughout the year and suffered especially from the increased cost of raw materials which could not be fully recovered in selling prices. During the year the paper and board industry index of materials and fuel costs rose by 14% whilst the index of selling prices increased by only 6%. These index movements were reflected in the Division's costs and selling prices. The international trading operations incurred considerable losses in the Far East where there was a substantial and sustained over-supply position in paper. These factors resulted in the profit of the Division being materially lower than the record level achieved in the previous year.

Nevertheless the strength of the Division was shown by its success in effecting major cost savings of long term benefit and in improved control of working capital.

The Alex. Cowan paper mill could not be sustained as an on-going viable operation and was closed. In addition the Division rationalised

its activities by disposing of its chart and filing system operations—Reed Charts and Guidex. The London and Amsterdam headquarters of the international trading operations are being merged into one headquarters in Amsterdam in order to improve co-ordination, direction and control of its world-wide activities.

International Publishing Corporation

The circulations of many magazines of the International Publishing Corporation were reduced, coinciding with the worst period for advertisement sales for many years. This contraction was particularly marked in the mass circulation titles where advertisers were reluctant to enter into longer term commitments; similarly high unemployment levels reduced the demand for job advertising in the business and professional magazines. Despite these difficulties, the Division's magazine publishing operations exceeded last year's profit, thus demonstrating the resilience of competent publishing in adverse trading conditions.

The merger of the two large gravure printing factories in Watford, Odhams and the British Printing Corporation subsidiary, Sun Printers, referred to last year, did not come to fruition. However, a much improved working relationship has been established at Odhams, Watford, which is already showing itself in better performance.

In book publishing, Butterworths showed a marked improvement both at home and overseas, especially in sales of legal publications. Hamlyn's performed well in a difficult market but were hampered by distribution problems in Australia and the USA though these are now being overcome.

Mirror Group Newspapers

Major steps were taken with trade union co-operation towards reduced manning levels and the introduction of new technology. For the

latter part of the year, the Daily Mirror was 1p more than its main competitor but retained market leadership. The Division's two Sunday newspapers, the Sunday People and the Sunday Mirror, again 1p more expensive than their principal rival, retained their share of the popular Sunday market.

The Scottish Daily Record finished the year with the highest ever circulation for a daily newspaper in Scotland.

The Division maintained its share of the advertising market with revenues at the highest ever achieved, being 18% above the previous year.

Wall Paper Manufacturers

The markets for decorative products were relatively buoyant in the UK in the first half of the year but severe increases in raw material costs had to be reflected in selling prices and this, combined with the progressive squeeze on discretionary spending, led to reduced sales in the second half of the year. In the final weeks of the year, however, decorative paints were showing some signs of recovery.

Polycell achieved notable successes with the launches of two new products; Polytex, a new flexible ceiling treatment which effectively covers cracks and allows for surface movement, and DIY double glazing which takes the Division into a fruitful new area beyond its traditional range of home decoration products.

Whilst exports of decorative products reflected economic conditions, Erfurt-Crown—the West German wallcoverings operation—remained highly successful, demonstrating the benefit of combining local management skills with the breadth and depth of Crown's product knowledge and marketing know-how. The advantages of linking strong local management with UK based product knowledge were also reflected in the performance of Polycell's European DIY operations.



The research and practical experience which Mirror Group Newspapers has pioneered over recent years in the West Indies, Belfast and Glasgow in the production of newspapers by photocomposition, page facsimile and web offset printing culminated in the most far-reaching project of all, the Development Plan for Mirror Group Newspapers' national titles announced in June 1975.

It is a plan which includes the introduction of computer controlled photocomposing and the installation of equipment to convert photocomposed film into conventional stereoplates for printing and a page facsimile telecommunications link between London, Manchester and Plymouth.

Mirror Group Newspapers is now well ahead with installing the equipment at its Holborn, London, headquarters, which will make it the first newspaper in the world to produce a complete newspaper page including pictures and advertisements, using these techniques. The new Holborn photocomposing department will eventually produce all editions of the Group's national titles.

The utilisation of the web offset plant of West of England Newspapers at Plymouth, which went on production in April this year, will be further improved by printing western editions of the Daily Mirror using the facsimile transmission link with Holborn.

Reed Building Products

The profitability of this Division was the most severely affected of all Reed's activities due to the deep recession in the European building industries. Nevertheless, 25% of the Division's UK production was exported.

Of the Division's ceramic sanitaryware companies, Twyford's remained profitable but the Dutch operation, Sphinx, which was acquired in 1974, made losses in the early part of the year although it achieved break-even at the year end.

The Terrain plastic pipe systems, manufactured by Key Terrain, have maintained good profitability and increased their sales volume.

The newly acquired Walker, Crosweiler—manufacturers of Leonard thermostatic mixing valves, Mira shower fittings and Arkon flow recording instruments—had a very successful year in both home and export sales and in profitability.

Reed Paper

In addition to the difficult economic conditions, the results of Reed Paper were very severely affected by prolonged strikes which curtailed production throughout much of the Canadian forest products industry including the Reed Paper mill at Quebec and its associated companies' mills in British Columbia, Prince George Pulp & Paper and Intercontinental Pulp. Production was halted at the British Columbia mills for nearly all of the third and part of the fourth quarters of 1975 and at the Quebec mill for all of the fourth quarter of 1975 and the month of January 1976. The possibility of industrial action at the time of the labour contract renegotiations was foreseen and production was maintained prior to the strikes at a level higher than market demand.

Reed Paper's sales of decorative products were higher than in the preceding year due to the acquisition of the wallcoverings division of

Dwoskin but trading losses were incurred, and the closure of a wallcoverings plant in the USA was part of a major reorganisation programme.

Reed Consolidated Industries

The profit of Reed Consolidated Industries, which is based in Australia, was substantially lower than in the previous year in spite of a marginal increase in sales, although decorative products had a successful year increasing both sales and profitability. Sales of irrigation systems were depressed, particularly in the USA, but a high level of research and development was maintained and significant improvements in equipment and production processes achieved.

Reed Corporation

In South Africa, Reed Corporation increased sales but margins were seriously curtailed, particularly in the paper, packaging and stationery operations, owing to the highly competitive market situation. As a result, the profits were substantially below the level achieved in the previous year.

Associated companies

The attributable profits from associated companies amounted to £11.2 million, a reduction of 19% compared with last year.

Weaker market conditions, particularly in pulp, lumber, paper and paper products, and strikes at Prince George Pulp & Paper and Intercontinental Pulp in British Columbia were largely responsible.

Sales and Trading Profit

The geographical and product analysis of sales and trading profit of Reed International is shown on page 41.

Exports

Goods exported by UK companies during the



The Sanderson range of wallcoverings and fabrics has long been pre-eminent throughout the world and the Sanderson showrooms in Berners Street, in the West End of London, present a unique and unrivalled collection which attracts both international buyers and discerning home owners.

The range now being offered at Berners Street has been further extended so that home owners and designers are able to select from an even wider decorating package.

Fabrics and wallcoverings on display not only include the wide Sanderson range, but also the best that other manufacturers round the world can provide. These products are supplemented by lighting, carpets, oriental rugs, pictures and prints and the whole concept is supported by trained advisors who give assistance and help customers select and make purchases.

The showhouse and room sets have been carefully styled to spark off ideas as well as to enable customers to see products in different situations. They also assist home owners to plan decorating schemes even though the implementation may be spread over a long period. The new concept at Berners Street has doubled the number of customers and visitors.

The acquisition of Thomson, Shepherd & Company Limited, Scottish carpet manufacturers, means that the division is now able to offer its own decorating products for all six surfaces of a room. Thomson Shepherd is now operating as part of the Sanderson group and is not only contributing to, but benefiting from Sanderson's particular strengths of technical knowledge, design flair and experience of world markets, thus both complementing and enhancing the Sanderson product range.

year amounted to £61.6 million compared with £54.5 million in the previous year.

Share and loan capital

During the year the following issues of share and loan capital were made by the Company:

1,123,600 Ordinary Shares as consideration for the acquisition of all the issued share capital of Walker, Croswell & Company Limited not already owned.

167,826 Ordinary Shares as part consideration for approximately 97% of the issued Ordinary Share capital of Thomson, Shepherd and Company Limited. Since 31 March 1976 a further 5,694 Ordinary Shares have been or will be issued in connection with the acquisition of the remaining 3%.

Loans totalling Deutsche Marks 82 million (£16.8 million), repayable 1977/85 and US\$ 19 million (£9.7 million), repayable 1979/82 were raised to fund the consideration for the acquisition of 51.8% of the issued Ordinary Share capital of National Amalgamated Packaging Limited (Nampak).

In addition to the capital issues by the Company, some structural and financial reorganisation was carried out in the principal Canadian and Australian subsidiary companies accompanied by funding operations.

Reed Paper Ltd formed a new wholly-owned subsidiary, Reed Ltd, as its main operating subsidiary. Reed Ltd issued debentures to the value of C\$ 50 million (£24.3 million) and Reed Paper Ltd made a rights issue to its shareholders amounting to C\$ 47 million (£21.3 million) of which Reed International contributed C\$ 40 million (£18.1 million) from its pool of overseas currencies.

Reed Consolidated Industries Limited

rearranged its financing by repaying its debenture stock and a number of short and medium term loans and made a new arrangement with the Commonwealth Banking Corporation for an aggregate sum of A\$ 10 million (£6.5 million) which provided a more flexible basis of financing.

Capital expenditure and acquisitions

Capital expenditure during the year amounted to £53.9 million, an increase of £15 million over the previous year. In addition capital commitments at the year-end amounted to £110 million.

Whilst a number of smaller capital projects have been completed during the year most of the larger developments are still in progress. A new plant to produce bleaching chemicals which also achieves important environmental improvements was completed at the Dryden Mill, Ontario. This plant is part of a much larger continuing development of the mill as a whole. Since the year end, the following developments have commenced initial production runs—a waste-based linerboard mill at Mississauga, Ontario; a bagasse-based pulp and paper mill at Stanger in Natal, South Africa, and also in that country a pitch fibre pipe plant.

Among developments in the UK, have been the extension of the de-inked waste plant for newsprint and other papers; the further development of triple-fluted corrugated board for heavy duty packaging; and the application of ultra violet drying of ink on carton printing machines.

Two major building projects have been completed by associated companies. King's Reach Tower at Southwark, London, is now fully erected and has been occupied by a division of International Publishing Corporation. In addition, MEPC-Reed Properties completed the refurbishment of Blackfriars House, London, a substantial part of which has already been let. Reed made a number of acquisitions during the



One of the pioneers of the drip method of irrigation, Australian-based Reed Irrigation Systems is now established world-wide as a leader in this concept and manufactures in strategically located factories throughout the world, precision engineered filters, emitters, pipe, and tube.

Widely accepted now in agricultural communities as a highly significant advance in agriculture, drip irrigation saves substantially on water, fertiliser and labour costs at the same time producing better yields and often with earlier maturity than by conventional irrigation methods.

Drip irrigation is the placing of water and fertiliser in accurately measured, frequent small amounts at the root zone of the plants where it provides the most immediate benefit.

The wide network of companies has been recently extended to Italy, France, Abu Dhabi and Jordan. Also, during the year, special low-cost disposable row crop equipment was introduced as well as improved techniques for the development of the treatment of water and fertilisation.

Reed has successfully installed many millions of emitters on tens of thousands of acres in a wide variety of crops and locations, including nuts, grapes and fruits in the United States and Australia, sugar cane in Honolulu, bananas in Honduras and the Canary Islands, date palms in the deserts of Abu Dhabi, and the greenhouses of Europe.

Determining plant needs under varying climatic conditions calls for a marriage of skills of the company's own staff and of agronomists, chemists and practical farmers in the field. Reed regards drip irrigation as part of a total plant support system rather than simply as a method of applying water and are constantly researching new and better techniques.

Reed Irrigation now has the dimension and capability to assist in influencing innovative agricultural practices designed to make better use of the world's diminishing resources.

year, the value of the consideration of which amounted to £40 million and, in accordance with the Company's long term development policy, these were predominantly overseas (£36 million).

In South Africa, 51.8% of the Ordinary Shares of Nampak, a company quoted on the Johannesburg Stock Exchange, were acquired at a cost of £25 million. Nampak is the holding company of a group of companies engaged in the manufacture and distribution in the Republic of South Africa and other parts of southern Africa of packaging materials, including corrugated paper, carton and plastic. The business of Nampak is complementary to a large part of Reed's other interests in South Africa. No profit has been included in the Profit and Loss Account in respect of Nampak, which was acquired at the end of the financial year, but the assets and liabilities of that company have been taken into account in the Consolidated Balance Sheet.

In the USA the business and certain assets of the wallcoverings operations of Dwoskin Inc. of Atlanta, Georgia, were acquired for £3.6 million. This acquisition allowed Reed Paper to secure nationwide distribution for wallcoverings by increasing the number of its distribution centres in the USA from 6 to 23. A & W Promotional Book Corporation was acquired at a cost of £0.8 million to act both as a local publisher of Hamlyn type books and as a distributor for Hamlyns in that country.

In the UK, the acquisitions included the completion of the purchase of Walker, Croswell & Company Limited (£3.2 million) to which reference was made in last year's annual report, and Thomson, Shepherd & Company Limited of Dundee, a manufacturer of Wilton, Axminster and wool tufted quality carpets (£0.7 million).

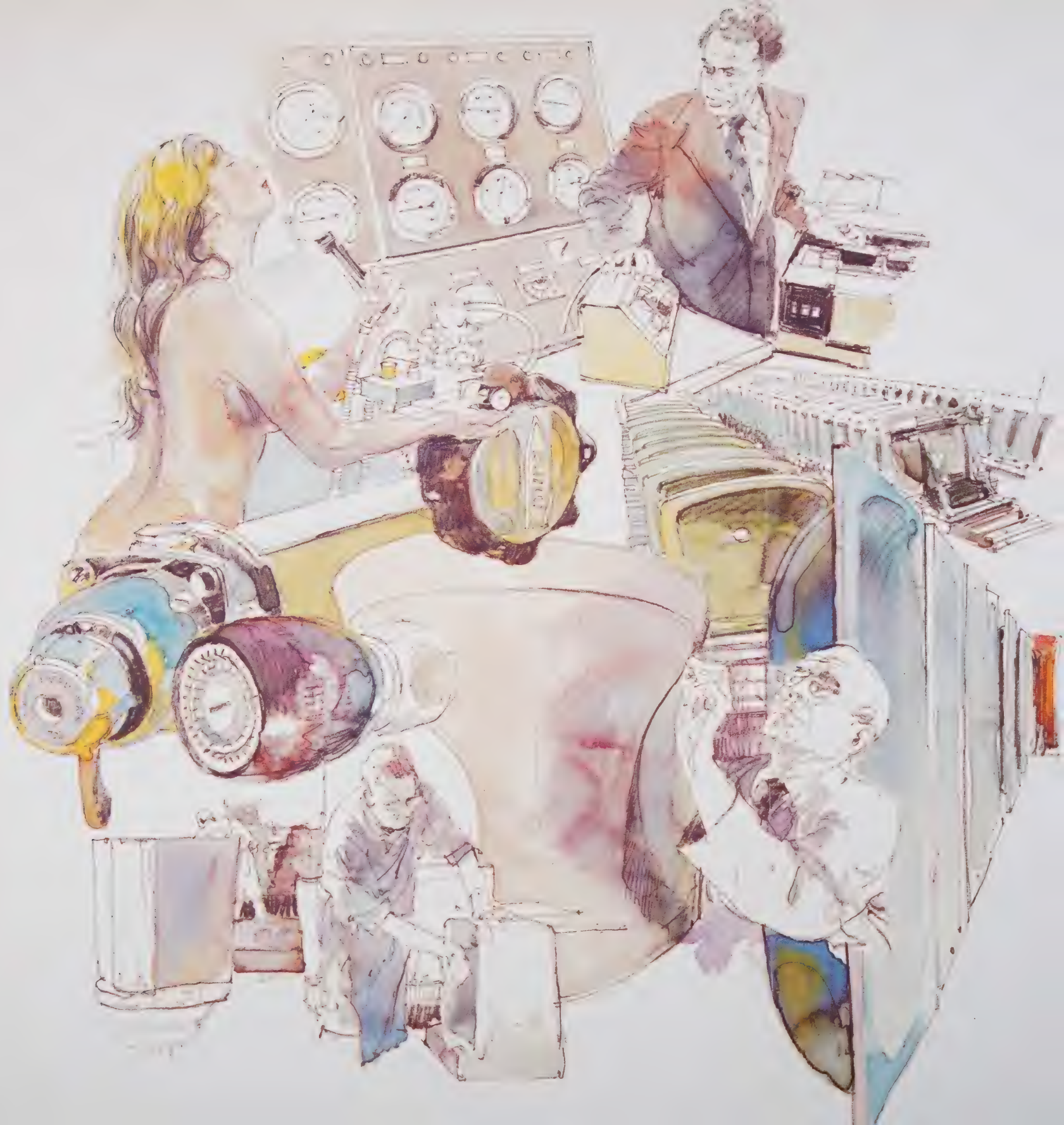
Since the year end, two further acquisitions have been virtually completed. Firstly, more than 92% of the capital of Papierfabriek 'De Hoop'

H. Bos En Zonen B.V. (£13 million) a principal Dutch manufacturer of corrugated cases and solid board packaging, supported by its own paper making facilities. Reed expects to increase its penetration of the markets for corrugated fibreboard and paper in the continent of Europe through this acquisition. De Hoop's activities are complementary to those of an existing subsidiary in the Netherlands, van Meurs Golfcartonfabrieken B.V. Secondly, a further 43% of the issued share capital of Cahners Publishing Company Inc. is being acquired for £3 million, thus increasing the Reed interest in that company from 36% to 79%. The main activities of Cahners, which is located in Boston, USA, are the publishing of trade and business magazines, books and associated exhibitions.

Negotiations are also in progress to acquire the 50% of the share capital of J & J Maybank Limited not presently owned by the Company. Maybank is the leading waste paper merchant in the UK and its total acquisition will ensure security of waste material supply for Reed's European paper and packaging operations.

Industrial relations

The total number of employees increased by 4,000 to 87,000. This takes into account 8,000 employed in companies acquired during the year, notably Nampak, and a reduction of 4,000 in the number employed in the Company a year ago. This latter resulted from some plant closures, notably at the Alex. Cowan paper mill at Penicuik, Scotland, and the Sertex vinyl wallcoverings plant at Eaton Town, New Jersey, USA. Reductions in manning were also brought about by adverse economic conditions in the UK and overseas. At the same time, positive schemes for modernisation and elimination of overstaffing were embarked upon in many



During the year in order to complete the full range of products which the Division will be offering to home and overseas markets under the 'Twyfords Bathroom' package, Walker Crossweller & Company Limited, manufacturers of sophisticated ranges of thermostatic shower equipment under the brand names Mira and Leonard, was acquired.

The Division is now developing a comprehensive shower cubicle package, complete with sprays and temperature controls, to serve the growing world-wide demand for a shower facility.

A Walker Crossweller subsidiary, Arkon Instruments Ltd., manufactures flow control equipment particularly suited to effluent discharge, for which there is increasing demand throughout Europe as anti-pollution legislation comes into force.

Twyfords completed building a £5 million expansion at Stoke-on-Trent in readiness for the next upturn in demand for sanitaryware products at home and especially overseas. This factory is highly automated and its first output comprises two new colour ranges which will have strong fashion appeal.

In Holland, Sphinx has greatly expanded its range of up-market sanitaryware, concentrating on increased colour choice and modern continental style designs, particular success being achieved with a water-saving low-level suite. The range of high quality wall tiles has been extended and a new £1½ million floor tile plant has been commissioned and will manufacture for world markets.

Key Terrain is entering the PVC underground drainage market to extend its very strong range in plastic soil, waste, rainwater and electric conduit systems.

areas, particularly in newspapers and printing and several of these schemes are still in progress. Throughout Reed, a total of 3,300 people were made redundant of whom about 20% were employed overseas.

The number of man days lost through strikes in subsidiary and associated companies during the year was approximately 1,200,000. In the UK, there has been a great deal of goodwill shown in collaborative effort by both sides, which resulted in less than 2% of the man days lost occurring here although the effects were relatively costly. The bulk of the man days lost occurred in Canada, at the Quebec Mill of Reed Paper and at the pulp and paper mills of the associated companies in British Columbia when the labour contracts came up for renewal. The settlement of the strikes was complicated by new, ill-defined Canadian legislation on wage control.

Health, safety and environmental affairs continue to receive major attention, not merely to conform to legal requirements but positively to develop and maintain high standards.

As part of the Company's progressive personnel policy, close attention is given to the wages and working conditions of its African employees. A statement will be available for those who request it.

The average number of persons employed in the United Kingdom in each week of the year was 58,000 and the aggregate gross remuneration paid to them for the year was £168 million.

Directors

The names of the present Directors of the Company are listed on page 1. They were all Directors throughout the year with the exception of Mr J H Harvey-Jones and Mr J H Macdonald who were appointed on 27 October 1975 and Mr J D Cormie who was appointed on 1 June 1976. Mr G H Cartwright

was also a Director until he resigned from the Board on 29 October 1975.

Mr Harvey-Jones is a Director of Imperial Chemical Industries Limited with special responsibility for ICI's fibre and textile operations worldwide. Mr Macdonald is Financial Controller of the Royal Dutch/Shell Group of companies. Mr Cormie, who succeeded Mr H W Broad as Finance Director on 1 June 1976, formerly was Chairman and Chief Executive of Batchelors Foods Limited, prior to which he was Chief Accountant of Unilever Limited.

As already announced, Mr Broad will be retiring on 31 July 1976. He joined the Company in 1961 as Chief Accountant, became Finance Director in 1965 and has been Deputy Chairman since 1970. The Board wishes to pay tribute to his outstanding service.

Mr Cartwright was a Director of the Company and of International Publishing Corporation Limited, the publishing and printing division, for fifteen years and the Board would like to place on record its appreciation of his excellent service to your Company.

The Directors retiring by rotation in accordance with the Articles of Association are Mr R W Billingsley, Mr C H H King and Mr G S G Witherington and, being eligible, they offer themselves for re-election. In addition, Mr J H Harvey-Jones, Mr J H Macdonald and Mr J D Cormie, having been appointed by the Directors, retire in accordance with the Articles of Association and, being eligible, they offer themselves for re-election.

The interests of the Directors and of their families in the share and loan capital of the Company and its subsidiaries are shown on page 40.

During the year there were no significant contracts in which any of the Directors were materially interested except under the Share



In twelve months nearly a third of IPC's 13,000 employees, formerly occupying some 20 premises, have been relocated at two major centres—King's Reach on the South Bank of the Thames in London and at Surrey House, Sutton, Surrey.

King's Reach is now occupied by 2,000 of the 3,000 employees of Magazine Division, which publishes some 70 consumer magazines. It is the first time in the history of most of these publications that their staff have not been based at several locations and bringing the majority of employees into King's Reach is both contributing to overall efficiency as well as generating greater rapport between employees and departments that is an important by-product of the informal contact which automatically stems from operating from one building.

The relocation at Sutton of nearly 1,000 of the 3,200 of Business Press Division employees is the first stage of bringing the majority of the staff together under one roof.

Butterworths, the premier law publisher in the English-speaking world specialising in multi-volume encyclopaediae and services, which already publishes legal, medical, engineering, science and technology text books in the United Kingdom, Australia, New Zealand and Canada, has recently established a company in the United States which has just published its first medical book originated in that country.

The Hamlyn Group which produces a wide range of general interest books sold both through the trade and the company's own mail order unit, is currently launching Beaver Books for five-to-13 year olds—its first children's paperback series.

IPC Printers and Odhams (Watford) have printing capabilities for virtually every printing process and allied activities. A new development in photogravure is the Helio-Klischograph an electronic engraving machine.

Option Scheme as disclosed on page 40.

Inflation accounting

Proposals on inflation accounting have been made by the Sandilands Committee and the Consultative Committee of Accountancy Bodies. At this stage the Company has decided not to alter its existing inflation accounting presentation until such time as a revised Accounting Standard is available.

Charitable contributions

Donations made during the year for charitable purposes in the UK amounted to £47,000 of which £11,000 was for educational purposes.

No contributions have been made for political purposes in the UK.

Substantial holdings

So far as is known no shareholder, corporate or individual, had at 1 June 1976 any beneficial interest which amounted to 10 % or more of the Ordinary Share Capital of the Company.

Close company

The Company is not a 'close company' within the meaning of the Corporation Tax Acts.

By Order of the Board
G G Stocks, Secretary
1 June 1976



Reed Corporation (Pty) Limited

The Stanger Pulp and Paper (Pty) Co. Ltd R66 million mill for coated fine paper and board, in Natal, was commissioned during April 1976, after three years of construction, and the second stage—the production of tissue—will begin in November. This project represents a pioneering 'first' by using African developed fibre from waste agricultural products, for high quality paper and board for publishing and packaging.

In the Building Division all the principal companies have completed significant expansion projects. Pipekor, whose main activity has been the production of PVC pipes, has recently completed the construction and commissioning of what is believed to be the most automated pitch fibre pipe plant in the world. Twyford's S.A. (Pty) Limited has completed its 10th expansion in 10 years at its plant producing ceramic sanitaryware toilets and washbasins and are now planning the construction of a new factory to supply Natal, coastal markets and at the same time provide sufficient capacity to enable exports to be developed.

The National Amalgamated Packaging Company, in which Reed this year acquired a majority holding, is the largest corrugated box manufacturer in South Africa as well as a substantial producer of many other packaging products in its many factories throughout the continent, including flexible, liquid and folding carton packaging systems.

Crown decorating products are no less famous in South Africa than elsewhere in the world. Crown paint has been manufactured locally for many years and during 1975 Crown-Cebestos (Pty) Limited, with its new wallpaper factory, is now gradually replacing imports and simultaneously developing local markets and expanding exports.

Auditors' report

To the members of Reed International Limited

We report on the accounts, prepared under the historical cost convention, set out on pages 26 to 37 and 44 and 49.

In our opinion, based on our examination, on the reports of the auditors of subsidiary and associated companies not audited by us and on the unaudited management accounts of some associated companies, the accounts give a true and fair view under the historical cost convention of the state of affairs and of the profit and comply with the Companies Acts 1948 and 1967.

We also report on the summary of consolidated accounts, adjusted for inflation under the current purchasing power convention, set out on pages 38 and 39.

In our opinion this fairly restates in summarised form the results and financial position expressed in terms of the current purchasing power of money at the balance sheet date on the basis set out in the provisional statement of standard accounting practice No. 7.

Champness Cowper & Co.
Chartered Accountants

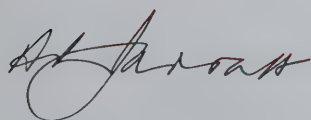
London
25 May 1976.

Consolidated profit and loss account for the year ended 31 March 1976

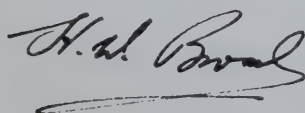
£million	1976	1975
Sales	1063·6	968·6
UK companies	647·2	612·9
Overseas companies	416·4	355·7
Trading profit/note 1	50·3	88·3
UK companies	28·7	39·6
Overseas companies	21·6	48·7
Share of profits of associated companies/note 10	11·2	13·8
Operating profit	61·5	102·1
Interest payable less investment income/note 3	24·1	16·7
Profit before taxation	37·4	85·4
Taxation/note 4	21·9	40·0
Profit after taxation	15·5	45·4
Outside shareholders' interests	2·2	4·3
Profit attributable to the Parent Company	13·3	41·1
Dividends paid and proposed	10·3	9·5
Preference	0·2	0·2
Ordinary		
Interim 5·9555p (5·172p)	5·4	4·6
Final 5·1220p (5·111p)	4·7	4·7
Total 11·0775p (10·283p)(17·0423p (15·5825p) with tax credit)	10·1	9·3
Extraordinary items less taxation/note 5	3·0 (2·1)	31·6 (3·4)
Profit for the year retained/note 6	0·9	28·2
Earnings per ordinary share	14·3p	45·4p
The calculation of earnings per ordinary share is based on earnings before extraordinary items of £13·1 million (£40·9 million) and on the 91·4 million (90·1 million) ordinary shares in issue during the year.		
Statement of retained profit and reserves/note 6		
At 31 March 1975	141·8	122·3
Retained profits	0·9	28·2
Other movements	0·4	(8·7)
At 31 March 1976	143·1	141·8

Consolidated balance sheet 31 March 1976

£million	1976	1975
Fixed assets: properties and plant/note 7		
At cost or valuation	489.0	401.1
Accumulated depreciation	228.9	196.6
	260.1	204.5
Investments		
Associated companies/note 10	77.9	67.9
Other investments at cost/note 11	22.3	22.3
	100.2	90.2
Subsidiary companies		
Excess of cost of shares over net book amount of assets at date of acquisition	169.8	158.9
Current assets		
Stocks	226.9	201.5
Debtors	242.1	183.6
Short term quoted investments at market value	0.9	1.9
Short term deposits	22.3	32.9
Bank balances	9.2	6.2
	501.4	426.1
Current liabilities		
Bank advances: secured	3.2	4.0
: unsecured	52.4	47.5
Short term advances and bills payable	31.0	25.7
Creditors	189.4	157.7
Taxation	13.5	13.4
Dividends	4.7	4.7
	294.2	253.0
	207.2	173.1
	737.3	626.7
Financed by		
Share capital and reserves		
Share capital: preference/note 12	4.1	4.1
: ordinary/note 12	91.4	90.1
Share premium/note 13	121.1	118.8
Reserves/note 6	143.1	141.8
	359.7	354.8
Outside shareholders' interests	50.4	26.2
Loan capital/note 14	299.6	220.5
Deferred taxation	27.6	25.2
	737.3	626.7



A A Jarratt/Director



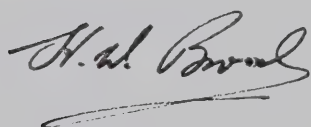
H W Broad/Director

Parent company balance sheet 31 March 1976

£million	1976	1975
Fixed assets: properties and plant		
At cost	2.3	2.2
Accumulated depreciation	1.0	0.9
	1.3	1.3
Subsidiary companies/note 8	432.5	381.8
Associated companies		
At cost (unquoted)	1.6	1.6
Current assets		
Debtors	6.1	5.4
Short term quoted investments at market value	0.9	1.9
Short term deposits	19.1	31.8
	26.1	39.1
Current liabilities		
Bank advances : unsecured	7.8	8.9
Short term advances and bills payable	8.1	11.7
Creditors	16.2	15.2
Taxation	0.1	0.1
Dividends	4.7	4.7
	36.9	40.6
	(10.8)	(1.5)
	424.6	383.2
Financed by		
Share capital and reserves		
Share capital : preference/note 12	4.1	4.1
: ordinary/note 12	91.4	90.1
Share premium/note 13	121.1	118.8
Reserves/note 6	23.5	23.2
	240.1	236.2
Loan capital/note 14	184.5	147.0
	424.6	383.2



A A Jarratt/Director



H W Broad/Director

Notes on the accounts

£

1 Profit and loss account

	1976	1975
<i>Profit dealt with in the accounts of the Parent Company</i>		
In respect of the current year	2,277,000	8,909,000
In respect of previous years	19,839,000	—
Total	22,116,000	8,909,000
<i>The trading profit is after charging</i>		
Depreciation	21,105,000	18,500,000
Hire of plant	7,220,000	5,186,000
Auditors' remuneration	1,151,000	814,000
Pensions to former directors	16,469	14,742
Payment on retirement to executive director	60,000	50,000
<i>Emoluments of the directors of the Parent Company</i>		
Fees	18,267	9,384
Other emoluments	378,731	330,658
	396,998	340,042

The number of directors in each range of emoluments (excluding pension contributions) was as follows:

The Chairman

(1975 includes £35,359 in respect of the previous Chairman to 5 December 1974)

	45,493	49,909
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Other directors

	Number		Number	
	UK	Overseas	UK	Overseas
£1—£2,500	2	—	1	—
£2,501—£5,000	—	—	1	—
£5,001—£7,500	—	—	1	—
£10,001—£12,500	1	—	1	—
£17,501—£20,000	1	—	—	1
£20,001—£22,500	—	—	4	1
£22,501—£25,000	1	—	—	—
£25,001—£27,500	1	1	1	—
£27,501—£30,000	1	—	—	—
£30,001—£32,500	1	1	—	—
£37,501—£40,000	—	—	1	—
£40,001—£42,500	—	—	—	1
£45,001—£47,500	1	—	—	—
£60,001—£62,500	—	1	—	—

Emoluments of employees in UK (excluding pension contributions)

£10,001—£12,500	81	50
£12,501—£15,000	38	16
£15,001—£17,500	13	12
£17,501—£20,000	10	4
£20,001—£22,500	3	1
£22,501—£25,000	1	—

2 Overseas director: loan and share purchase plan

Loan to a director of the Parent Company of Canadian dollars 213,500 (C\$217,377) by an overseas subsidiary company under its executive incentive plan, made prior to his appointment as a director.

113,112	90,179
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During the year 112,600 common shares were issued to a number of employees of Reed Paper Ltd, some of whom are directors, including a director of the Parent Company (who took up 10,000 shares). There are limitations on the disposal of these shares which are not at present quoted on any stock exchange. The issue price of C\$11.05 per share was 85% of the estimated fair market value of the stock.

£million

3 Interest payable less investment income	1976	1975
<i>Interest payable</i>		
On long term loans	17.6	13.8
On bank advances and loans wholly repayable within 5 years	10.9	8.7
	28.5	22.5
<i>Income from investments and deposits</i>		
Quoted—excluding associated companies	0.3	0.5
Unquoted—excluding associated companies	0.7	0.6
Short term deposits	2.7	4.1
	(3.7)	(5.2)
<i>Discount on redemption of loan capital</i>	(0.7)	(1.0)
<i>Amounts written off short term investments</i>	—	0.4
Total	24.1	16.7

4 Taxation		
<i>Taxation on the profit for the year</i>		
UK corporation tax at 52% (52%)	8.5	15.3
Relief for overseas tax	(0.8)	(0.5)
Overseas tax	9.3	19.5
Total (including deferred taxation of £5.2m (£15.4m))	17.0	34.3
<i>Taxation on share of associated companies' profits</i>		
(including overseas tax £3.3m (£2.7m))	4.9	5.7
Total	21.9	40.0

The deferred taxation charged in the year of £5.2m is after a release of £2.7m attributable to stock increase relief in the UK. The total deferred to date for such relief is £13.7m.

5 Extraordinary items		
Losses arising on termination of unremunerative trading operations (after deduction of £0.7m (£1.7m) tax relief)	(2.2)	(1.5)
Net profit on disposal of fixed assets, investments and subsidiaries (after deduction of £0.3m (Nil) tax charge)	1.1	(1.9)
Issue expenses of loan capital	(1.0)	—
Total (including associated company surplus £0.6m (Nil))	(2.1)	(3.4)

6 Reserves	Consolidated	Parent	Subsidiary companies	Associated companies
At 31 March 1975	141.8	23.2	106.2	12.4
Profit for the year retained	0.9	11.8	(13.3)	2.4
Surplus on property revaluations	0.5	—	—	0.5
Exchange differences	(0.1)	(11.5)	11.5	(0.1)
At 31 March 1976	143.1	23.5	104.4	15.2

£million

7 Properties and plant: consolidated

	Land and buildings cost or valuation	Plant and equipment cost	Total
<i>Cost or valuation</i>			
At 31 March 1975	131.7	269.4	401.1
Additions	12.9	41.0	53.9
Held by new subsidiaries on acquisition	17.4	18.1	35.5
Disposals	(6.2)	(11.4)	(17.6)
Exchange adjustments	6.2	9.9	16.1
At 31 March 1976	162.0	327.0	489.0
<i>Accumulated depreciation</i>			
At 31 March 1975	37.5	159.1	196.6
Charge to profit and loss account	3.0	18.1	21.1
Accumulated by new subsidiaries prior to acquisition	—	11.3	11.3
Provided on disposals	(1.9)	(7.4)	(9.3)
Exchange adjustments	2.4	6.8	9.2
At 31 March 1976	41.0	187.9	228.9
<i>Net book amounts 31 March 1976</i>	121.0	139.1	260.1
<i>Land and buildings at cost or valuation</i>	1976	1975	
Freehold property	139.5	112.6	
Leasehold property, 50 years or more unexpired	12.1	11.7	
Leasehold property, less than 50 years unexpired	6.8	4.2	
Timber limits	3.6	3.2	
	162.0	131.7	
<i>Amount of valuations</i>			
Pre 1955	1.7	2.2	
1955—1959	3.2	3.2	
1960—1964	14.9	15.8	
1965—1969	1.7	1.2	
1970—1974	25.2	15.2	
	46.7	37.6	
No depreciation has been provided on land or on certain commercial properties which are freehold or leasehold with 900 years unexpired (at cost or valuation £47.3m).			

8 Subsidiary companies

	1976	1975
Shares at cost	216.6	237.0
Amounts due from subsidiaries	346.8	275.5
Amounts due to subsidiaries	(130.9)	(130.7)
Total	432.5	381.8

The principal subsidiaries are shown on pages 44 and 49.

£million

9 Future capital expenditure not provided in the accounts: consolidated

	1976	1975
Contracts placed	17.0	22.3
Authorised by directors but contracts not yet placed	92.6	24.8
Total	109.6	47.1

In addition, on 10 March 1976, the Parent Company made an offer to acquire the whole of the issued share capital of the private Dutch company, Papierfabriek 'De Hoop' H. Bos En Zonen B.V. ('De Hoop'). Acceptances have been received in respect of all priority shares and more than 92% of the Ordinary Shares. The offer, which became unconditional on 6 April 1976, placed a total value on De Hoop of approximately £13.3m. The consideration is being financed by the issue of 11¼% Dutch Florin Bonds repayable in 1980/89 and bank loans repayable in 1982/91.

Also, the Parent Company has agreed in principle to acquire the 50% of the share capital of J & J Maybank Ltd not at present owned. The consideration will be 1,875,000 fully paid ordinary shares of the Parent Company.

10 Associated companies: consolidated

	Quoted		Unquoted		Total	
	1976	1975	1976	1975	1976	1975
<i>Attributable value</i>						
Cost less amounts written off	3.0	3.0	51.7	45.8	54.7	48.8
Share of post acquisition retained profits	8.7	8.0	14.5	11.1	23.2	19.1
Total	11.7	11.0	66.2	56.9	77.9	67.9
<i>Market value of quoted investments</i>	9.3	5.6				
<i>Share of profits before taxation</i>						
United Kingdom	1.5	1.5	1.3	4.4	2.8	5.9
Overseas	0.1	0.1	8.3	7.8	8.4	7.9
Total	1.6	1.6	9.6	12.2	11.2	13.8
<i>Share of profits after taxation but before extraordinary items</i>	0.8	0.9	5.5	7.2	6.3	8.1
<i>Dividends and interest received from associated companies</i>	0.5	0.6	4.0	1.3	4.5	1.9
<i>Summary</i>	Attributable value		Share of profits before taxation			
	1976	1975	1976	1975		
Pulp, lumber, paper and paper products	33.3	25.8	8.7	11.0		
Publishing, printing, etc.	15.8	14.0	1.0	1.3		
Property	19.4	19.5	0.2	0.5		
Entertainment	9.4	8.6	1.3	1.0		
Total	77.9	67.9	11.2	13.8		

The results of associated companies include profit after taxation of £1.3m taken from unaudited management accounts. The associated companies are shown on page 37.

£million

11 Other investments

	1976	1975
<i>Cost</i>		
Quoted investments	14.3	13.9
Unquoted investments	8.0	8.4
Total	22.3	22.3

Valuation

Quoted investments, market value	5.2	8.6
Unquoted investments, directors' valuation	5.0	6.3
Total	10.2	14.9

The figures include the following cost of investments in

MEPC Ltd (a UK property company):		
2.7m ordinary shares of 25p (quoted)	6.7	6.7
£3.5m 5% Convertible Unsecured Loan		
Stock 1989/94 (quoted)	6.6	6.6
£5.0m 6½% Convertible Unsecured Loan		
Stock 1995/2000 (unquoted)	5.0	5.0
Total (valuation £5.9m (£10.4m))	18.3	18.3

12 Share capital

	Authorised 1976	Issued 1976	Issued 1975
<i>Preference shares (cumulative) of £1 each</i>			
Redeemable at par at the option of the Company:			
4½% (now 3.15% plus tax credit)	1.5	1.5	1.5
5½% (now 3.85% plus tax credit)	1.2	1.2	1.2
Irredeemable:			
5% (now 3.50% plus tax credit)	0.3	0.3	0.3
7% (now 4.90% plus tax credit)	1.1	1.1	1.1
	4.1	4.1	4.1
Ordinary shares of £1 each	91.4	91.4	90.1
Unclassified shares of £1 each	11.4		
Total	106.9	95.5	94.2

At 31 March 1976, certain directors and employees held options to subscribe for 1,688,048 ordinary shares at 211p each and 6,000 ordinary shares at 168p each exercisable in accordance with the terms of the 1973 Share Option Scheme, in general between 1977 and 1981. During the year, no options were granted or exercised and options to subscribe for 129,414 ordinary shares at 211p each lapsed.

13 Share premium

At 31 March 1975	118.8
Premium on issue of ordinary shares	2.3
At 31 March 1976	121.1

£million

14 Loan capital	1976		1975	
<i>Parent Company</i>				
<i>Secured</i>				
4½% Swiss Franc Loan 1962	10.2		8.2	
7¼% Debenture Stock 1987/92	8.9		9.1	
7¼% Debenture Stock 1990/95	9.1		9.4	
Miscellaneous	12.5		13.3	
		40.7		40.0
<i>Unsecured</i>				
6% Swiss Franc Loan 1973/88	16.4		13.1	
6¾% European Unit of Account Loan 1968/83	6.8		6.2	
6¾% Luxembourg Franc Bonds 1987	10.2		9.4	
7¼% Deutsche Mark Bearer Bonds of 1973	20.4		17.7	
7½% Unsecured Loan Stock 1996/2001	14.3		14.4	
8¼% Dutch Florin Loan 1978/92	9.7		8.7	
10% Unsecured Loan Stock 2004/09	13.0		13.0	
11¼% Dutch Florin Bonds 1980/89	19.3		17.3	
U.S. Dollar Bank Loan 1979/82	9.7		—	
● Deutsche Mark Bank Loans 1977/85	16.8		—	
Miscellaneous	7.2		7.2	
		143.8		107.0
		184.5		147.0
<i>Subsidiary companies</i>				
<i>Secured</i>				
8% Debenture 1992/96	9.5		9.7	
11⅞% Sinking Fund Debenture 1981/96	24.3		—	
Miscellaneous	26.3		20.1	
		60.1		29.8
<i>Unsecured</i>				
9% Loan Stock 1999/2004	5.4		5.4	
10⅞% Dutch Florin Bank Loan 1979/89	7.4		6.8	
Miscellaneous	42.2		31.5	
		55.0		43.7
Total		299.6		220.5
	Consolidated		Parent	
<i>Repayable, mainly by instalments</i>	1976	1975	1976	1975
Within five years	78.8	48.7	45.3	25.8
6 to 10 years	96.9	57.0	63.6	40.7
11 to 15 years	54.1	52.3	37.0	39.2
16 to 20 years	37.6	25.5	16.4	14.8
21 to 25 years	9.0	12.3	3.0	6.9
Over 25 years	15.2	15.6	13.7	14.1
No redemption requirements	8.0	9.1	5.5	5.5
Total	299.6	220.5	184.5	147.0
<i>Includes loans wholly repayable within 5 years</i>	33.5	24.2	12.1	10.4
<i>Includes bank loans</i>				
Wholly repayable within 5 years	11.1	6.2	3.3	—
Not wholly repayable within 5 years	42.4	8.1	23.2	—
Total	53.5	14.3	26.5	—

The average rate of interest on all loans is 8.1%

● Security given by an overseas subsidiary

£million

15 Contingent liabilities	Consolidated	Parent
<i>Guarantees have been given in respect of</i>		
Borrowings of associated companies		
Prince George Pulp & Paper Ltd, jointly and severally with a third party	18.8	18.8
Intercontinental Pulp Co. Ltd, jointly and severally with a third party	19.2	19.2
Stanger Pulp and Paper Co. (Pty) Ltd, £4.2m jointly and severally with a third party	12.9	
Others	13.7	13.0
Borrowings of subsidiary companies		62.5
An agreement has been made to purchase further shares in National Amalgamated Packaging Ltd (a South African subsidiary) at the instance of A. Fruman and Associates (Proprietary) Ltd between 1 November 1977 and 31 October 1979		
	8.5	8.5
Legal actions, which are being contested, have been initiated against two Canadian subsidiaries for alleged pollution. It is not possible to quantify the ultimate liabilities, if any.		
The disposal of certain properties to MEPC-Reed Properties Ltd ('MEPC-Reed') in 1972 gave rise to a surplus on which it is expected that tax will be quantified and become payable only if MEPC-Reed 'disposes' of the properties.		
The Parent Company has undertaken to indemnify MEPC-Reed against such liability if and when it arises.		

Basis of consolidation

Date of accounts

For administrative convenience the profit and loss accounts of the Parent Company and all UK subsidiaries are for the 52 weeks to 28 March 1976 and the balance sheets are made up to this date. In order to avoid delay in the completion of the consolidated accounts, the financial year of overseas subsidiaries ended on 31 December 1975.

Translation of overseas currencies into sterling

Profit and loss items/appropriate average rates.

Intangible assets/rates at date of acquisition.

Other assets and liabilities/rates at balance sheet dates.

Associated companies

The consolidated accounts include the appropriate share of the results of associated companies. An associated company is a company in which a substantial equity shareholding is held on a long term basis and there is participation in commercial and financial policy decisions.

The years in respect of which associated companies' results have been included vary, but none ended earlier than 30 September 1975 and

the majority ended on 31 December 1975.

Fixed assets

Grants

The cost of fixed assets is stated after deduction of grants receivable.

Depreciation

No depreciation has been provided on land or on certain commercial properties which are freehold or leasehold with 900 years unexpired. For all other properties and plant, depreciation has been provided on a basis that will write off the book value of these assets within their expected life.

Stocks

The amounts included for stocks have been determined on bases and by methods of computation which have been applied consistently and which are considered appropriate in the circumstances of the business of each subsidiary company.

Profit and loss account

Sales are shown at invoice value and exclude VAT and sales between subsidiary companies.

All dividends from UK companies include an addition for the imputed tax credit.

Deferred taxation

Deferred taxation comprises the estimated net future liability, at current rates of tax, in respect of:

a/depreciation claimed at a faster

rate for tax purposes than that charged in the accounts and other timing differences

b/stock increase relief

less advance corporation tax recoverable.

No provision is made for taxation which would be payable if profits retained in overseas subsidiary and associated companies were remitted to the UK.

No account is taken of unrelieved overseas tax losses, which are available for set off against future taxable profits of the companies concerned.

Research and development

Expenditure is written off as incurred.

Associated companies	Registered and operating in	Equity interest %
Pulp, lumber, paper and paper products		
Capital Spicers Ltd	Ireland	50
Daisybelle Investments (Pty) Ltd	South Africa	17
Donside Paper Co. Ltd	Scotland	50
Impulsora y Desarrollo Para Mexico SA	Mexico	49
Intercontinental Pulp Co. Ltd	Canada	37
●Kimberly-Clark Ltd	England	33
●J. & J. Maybank Ltd	England	50
Nedlaw Investment and Trust Corporation Ltd	Rhodesia	41
Neopac (Swaziland) Ltd	Swaziland	21
Papelera Panamericana SA	Mexico	25
Paper and Packaging Industries (Pty) Ltd	South Africa	44
Prince George Pulp & Paper Ltd	Canada	49
Printpak Ltd	South Africa	26
Stanger Pulp and Paper Co. (Pty) Ltd	South Africa	50
Staper Ltd	England	50
Tasman Pulp & Paper Co. Ltd	New Zealand	
Quoted		2 } 19
Unquoted		17 }
Walvis Bay Container Co. (Pty) Ltd	South West Africa	26
Publishing, printing, etc.		
Cahners Publishing Co. Inc	USA	36
Compagnie Francaise d'Editions SA	France	44
Exploitation Maatschappij Misset BV	Holland	40
Industrial & Trade Fairs Holdings Ltd	England	40
Kauka Verlag GmbH	Germany	50
London & Provincial Poster Group Ltd (quoted)	England	47
New Medical Journals Ltd	England	50
Q.B. Ltd	England	50
Throgmorton Publications Ltd	England	50
Property		
Kings Reach Investments Ltd	England	39
MEPC-Reed Properties Ltd	England	49
Entertainment		
Associated Television Corporation Ltd	England	
Ordinary Shares		30 } 21
'A' Ordinary Stock (quoted)		21 }

All unquoted unless otherwise stated.

●Held by Parent Company.

Summary of consolidated accounts adjusted for inflation year ended 31 March 1976

£ million

The summary set out below has been prepared in accordance with the current purchasing power convention as set out in the Provisional Statement of Standard Accounting Practice No. 7.

Results for the year	Historical basis		Current purchasing power basis	
	1976	1975	1976	1975
Sales	1,063	969	1,145	1,255
Profit before taxation/ <i>note d</i>	37	85	25	104
Taxation/ <i>note e</i>	(22)	(40)	(22)	(48)
Profit after taxation	15	45	3	56
Outside shareholders' interests	(2)	(4)	(2)	(5)
Profit attributable to the Parent Company	13	41	1	51
Dividends paid and proposed	(10)	(10)	(10)	(12)
Extraordinary items less taxation	(2)	(3)	(3)	(7)
Profit for the year retained	1	28	(12)	32
Earnings per ordinary share (excluding extraordinary items)	14p	45p	1p	57p
Financial position at year end				
Fixed assets	260	205	450	417
Associated companies and other investments	100	90	158	155
Net current assets	207	173	211	216
	567	468	819	788
<i>Financed by:</i>				
Ordinary shareholders' interests	186	192	431	450
Preference shareholders' interests	4	4	4	5
Outside shareholders' interests in tangible assets	49	26	56	36
Loan capital	300	221	300	267
Deferred taxation	28	25	28	30
	567	468	819	788

Notes on the summary of consolidated accounts adjusted for inflation year ended 31 March 1976

£million

a/ UK companies

The accounts of UK companies, stated on an historical basis, have been converted to a current purchasing power basis by reference to the changes in the retail price index and its predecessor, the UK consumers' expenditure deflator, between the dates of the original transactions and 31 March 1976. The current purchasing power basis figures for both 1975 and 1976 are measured in pounds of purchasing power at 31 March 1976. The retail price index, based on 100 at January 1974, was 150.6 at 31 March 1976 and 124.3 at 31 March 1975.

The net gain resulting from the change in the purchasing power of money has been reduced by £12m (£8m) to take account of exchange rate movements on external overseas loans and deposits.

b/ Overseas companies

The accounts of overseas companies, stated on an historical basis, have been converted to a current purchasing power basis by reference to the estimated changes in the current purchasing power of the respective currencies to 31 December 1975, and then translated into sterling at the rate at that date.

c/ Associated companies

In the case of most of the associated companies, the results on a current purchasing power basis are not available and the results have been included on an historical basis. The relevant amount included in profit before taxation is £5m (£8m).

d/ Profit before taxation

The difference between the profit before taxation on an historical basis and on a current purchasing power basis is made up as follows:

	1976	1975
<i>Profit before taxation on an historical basis</i>	37	85
<i>Adjustments to convert to current purchasing power basis:</i>		
<i>Stocks</i>		
Additional charge based on restating the cost of stocks at the beginning and end of the year in pounds of current purchasing power, thus taking the inflationary element out of profit on the sales of stocks	(37)	(22)
<i>Depreciation</i>		
Additional depreciation of properties and plant based on cost measured in pounds of current purchasing power	(18)	(12)
<i>Sales, purchases and all other costs</i>		
Adjustment to reflect the change in the purchasing power of money between the relevant date and the end of the year	1	5
<i>Net gain resulting from changes in the purchasing power of money on:</i>		
net monetary items, excluding loan and preference capital	9	(3)
loan and preference capital	33	33
<i>Profit before taxation on a current purchasing power basis</i>	25	86
Adjustment required to update last year's profit from 1975 pounds to 1976 pounds		18
<i>Profit before taxation on the basis of current purchasing power at 31 March 1976</i>	25	104

e/ Taxation

As the Inland Revenue do not at present accept the current purchasing power basis of accounting for tax computation purposes, taxation liabilities are calculated by reference to profits stated on an historical basis and the preceding year's charge merely updated to 1976 pounds.

Directors' interests in share and loan capital

The interests of the Directors and of their families in the share and loan capital of the Company are set out below

	Ordinary Shares		10% Unsecured Loan Stock 2004/09		Ordinary Shares under option	
	31 March 1976	1 April 1975	31 March 1976	1 April 1975	31 March 1976	1 April 1975
A A Jarratt	1,000	1,000			61,611	61,611
H W Broad	1,000	1,000	£112	£112	67,298	67,298
R W Billingsley	5,000	15,000				
E S Birk	13,752	13,752				
	●3,064	●3,064	●£466	●£718		
L A Carpenter	148	148	£33	£33	17,000	17,000
M K Collins	2,312	2,312			31,279	31,279
K H Davenport	468	468	£105	£105		
J H Harvey-Jones	—	—				
C H H King	—	—			45,497	45,497
J H Macdonald	200	200				
J H Smeddle	—	—				
G S G Witherington	2,500	3,375			52,132	52,132
	●27,800	●108,650				

The only notifiable interests in respect of subsidiaries relate to Mr R W Billingsley and are set out below :

	31 March 1976	1 April 1975
Reed Paper Ltd		
Common Shares	10,000	—
Convertible Preferred Shares	16,475	11,290
	●32,535	●41,187
Reed-Ingram Corporation		
Common Shares	200	200

The following changes have occurred in the Directors' interests during the period 31 March 1976 to 31 May 1976.

- a/ Mr Witherington's non-beneficial interest in Ordinary Shares in the Company was reduced to 26,800 shares.
- b/ Mr Billingsley's interests in shares in Reed Paper Ltd have altered as follows :
 - i/ His beneficial interest in Common Shares was increased to 11,000 shares as a result of a further issue of 1,000 shares under the share purchase plan referred to in note 2 of the accounts
 - ii/ His interests in Convertible Preferred Shares were reduced to 15,475 shares (beneficial) and to 31,163 shares (non-beneficial)
 - iii/ Reed Paper Ltd subdivided its Convertible Preferred and Common Shares on a two-for-one basis with the result that his interests at 31 May 1976 were Common Shares 22,000 (beneficial) and Convertible Preferred Shares 30,950 (beneficial) and 62,326 (non-beneficial)

●Indicates other than beneficial interest

■On date of appointment if subsequent to 1 April 1975

Analysis of sales and trading profit

Analysis of ordinary shareholders

£ million

	Sales				Trading profit			
	1976	%	1975	%	1976	%	1975	%
United Kingdom companies								
Building products	30.6	3	26.8	2	0.6	1	0.8	1
Decorative products	151.1	12	155.6	14	5.4	11	6.8	8
Paper and paper products	305.3	25	311.8	28	13.7	27	27.3	31
Publishing and printing	275.3	23	241.3	22	9.0	18	4.7	5
Total UK	762.3	63	735.5	66	28.7	57	39.6	45
Overseas companies								
<i>North America</i>								
Decorative products	40.2	3	34.4	3	(2.2)	(4)	3.5	4
Paper and paper products	162.2	13	113.2	10	13.0	26	24.0	27
Total	202.4	16	147.6	13	10.8	22	27.5	31
<i>Australia</i>								
Paper and paper products	51.5	4	53.8	5	3.0	6	5.1	6
Other activities	58.8	5	52.0	5	2.7	5	3.8	4
Total	110.3	9	105.8	10	5.7	11	8.9	10
<i>Other countries</i>								
Paper and paper products	69.9	6	70.5	6	0.3	1	5.8	7
Other activities	72.9	6	49.2	5	4.8	9	6.5	7
Total	142.8	12	119.7	11	5.1	10	12.3	14
Total overseas	455.5	37	373.1	34	21.6	43	48.7	55
Total	1,217.8	100	1,108.6	100	50.3	100	88.3	100
Less inter-company sales	154.2		140.0					
Total sales excluding inter-company sales	1,063.6		968.6					

Analysis of ordinary shareholders

	Holders		Shares held		% 1976	
	1976	1975	1976	1975	1976	1975
Individuals	74,442	79,200	34,862,570	36,532,183	38.2	40.5
Nominee companies	1,237	1,332	22,459,046	20,913,256	24.6	23.2
Insurance companies and banks	357	363	18,726,582	17,660,504	20.5	19.6
Pension funds	192	216	5,852,305	5,925,392	6.4	6.6
Investment and unit trusts	264	329	5,120,592	5,120,426	5.6	5.7
Charities, institutions, etc.	343	395	3,239,602	3,121,092	3.5	3.5
Commercial and industrial companies	367	408	1,128,800	825,218	1.2	0.9
Total	77,202	82,243	91,389,497	90,098,071	100.0	100.0

Statistics for ten years

£million

Year ended 31 March	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967
Sales										
Excluding inter-company sales	1,063.6	968.6	733.8	597.7	534.4	502.3	314.4	282.4	249.5	240.4
Profits										
Profit before taxation	37.4	85.4	65.5	42.6	30.1	19.9	19.3	16.9	14.2	13.6
Taxation	21.9	40.0	30.4	17.6	12.6	8.9	8.2	7.6	6.6	6.0
Profit after taxation	15.5	45.4	35.1	25.0	17.5	11.0	11.1	9.3	7.6	7.6
Outside shareholders' interests	2.2	4.3	2.4	1.2	1.1	1.3	0.9	0.7	0.5	0.5
Profit before extraordinary items attributable to the Parent Company	13.3	41.1	32.7	23.8	16.4	9.7	10.2	8.6	7.1	7.1
Dividends	●10.3	●9.5	●8.6	●8.4	11.3	10.7	■6.0	7.0	7.0	7.0
Capital employed										
Ordinary shares	91.4	90.1	90.0	89.4	89.0	84.3	55.2	54.0	53.9	53.9
Preference shares	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Share premium	121.1	118.8	119.0	119.0	118.8	112.6	72.4	70.7	70.7	70.7
Reserves	143.1	141.8	122.3	89.7	42.9	41.7	34.8	29.7	28.8	26.3
Shareholders' funds	359.7	354.8	335.4	302.2	254.8	242.7	166.5	158.5	157.5	155.0
Outside shareholders' interests	50.4	26.2	21.5	17.0	15.7	16.5	10.6	9.7	9.2	8.1
Loan capital	299.6	220.5	190.6	168.9	138.3	142.5	95.5	94.2	84.5	81.8
Deferred taxation	27.6	25.2	10.7	5.4	5.9	2.0	7.9	7.3	6.9	5.6
Total funds employed	737.3	626.7	558.2	493.5	414.7	403.7	280.5	269.7	258.1	250.5
Capital utilisation										
Fixed assets	260.1	204.5	182.8	164.1	169.6	171.2	130.9	127.0	128.3	127.5
Investments	100.2	90.2	84.0	73.4	37.6	37.1	15.6	15.3	14.1	11.3
'Excess cost' of subsidiaries	169.8	158.9	135.4	132.2	126.3	122.1	67.6	64.9	64.7	64.5
Net current assets	207.2	173.1	156.0	123.8	81.2	73.3	66.4	62.5	51.0	47.2
Total	737.3	626.7	558.2	493.5	414.7	403.7	280.5	269.7	258.1	250.5
Thousands										
Number of shareholders	78.9	84.4	86.7	88.9	95.1	103.8	52.7	52.1	55.7	56.6
Number of employees	86.8	83.1	81.8	79.6	79.7	84.0	55.6	53.5	53.3	54.0
Pence										
Earnings per ordinary share	14.3p	45.4p	36.1p	26.5p	18.2p	11.3p	18.1p	15.6p	12.8p	12.8p
Dividends per ordinary share with tax credit	17.0p	15.6p	13.8p	13.1p	12.5p	12.5p	12.5p	12.5p	12.5p	12.5p

- Cost excluding advance corporation tax.
- After part cancellation of share capital.

The results shown above for 1971 and subsequent years include results of associated companies. Previous years include only dividends and interest receivable.

● **Reed Group Ltd**

PAPER DIVISION

- Reed Paper & Board (UK) Ltd
- Reed Engineering & Development Services Ltd
- Spicer-Cowan Ltd

PACKAGING DIVISION

- Field, Sons & Co Ltd
- Reed Corrugated Cases Ltd
- Reed Medway Sacks Ltd

INTERNATIONAL TRADING DIVISION

Spicers International Ltd

OFFICE SUPPLIES DIVISION

- Spicers Ltd
- Alacra Ltd
- Boyden Data Papers Ltd
- Coated Specialities Ltd
- Spicer-Hallfield Ltd

Holland

Handelmaatschappij Firgos BV
van Meurs Golfcartonfabrieken BV

Irish Republic

Irish Paper Sacks Ltd 51%
Spicer-Cowan (Ireland) Ltd

Nigeria

Spicers (Nigeria) Ltd 58%

International Publishing Corporation Ltd

Butterworth & Co (Publishers) Ltd
Hamlyn Publishing Group Ltd
IPC Business Press Ltd
IPC Magazines Ltd
IPC Printers Ltd
Odhams (Watford) Ltd

Canada

Butterworth & Co (Canada) Ltd
Hamlyn Publishing Group
(Canada) Ltd 67%

South Africa

Butterworth & Co (South Africa)
(Pty) Ltd

United States of America

Butterworth (Publishers) Inc
International Computaprint
Corporation 88%

Mirror Group Newspapers Ltd

Daily Mirror Newspapers Ltd

- Scottish Daily Record & Sunday Mail Ltd

■ **Reed Publishing Holdings Ltd**

IPC Properties Ltd

● **Wall Paper Manufacturers Ltd**

CROWN DECORATIVE PRODUCTS LTD

Crown Wallcoverings
Crown Paint
Crown Distribution
Crown International
Timperley Engineering

BRADFIELD BRETT HOLDINGS DIVISION

Arnold Clayton & Co Ltd
Bradfield Brett & Co Ltd
M. Gilchrist & Sons Ltd
S. Pickles & Sons (Holdings) Ltd

POLYCELL DIVISION

Briton Chadwick Ltd
Polycell Products Ltd

RETAIL DIVISION

WPM Retail Ltd

SANDERSON DIVISION

Arthur Sanderson & Sons Ltd
Dawes & Co (Nelson) Ltd
Shand Kydd Ltd

- Thomson, Shepherd & Co Ltd 97%

TEXALES DIVISION

Rigg Holdings Ltd
Sheldons Engineering Works Ltd

Belgium

NV Polyfilla Products SA

Denmark

A/S Tapetfabriken Fiona 99%

France

Polyfilla SA

Germany

Molto GmbH
Erfurt Crown GmbH 60%

Holland

Alabastine Holland BV

Reed International Limited Group structure

Reed Group Limited

The Wall Paper Manufacturers Limited



Reed Building Products Limited



Reed Consolidated Industries Limited (81%) (Australia)

REED

Mirror Group Newspapers Limited

DAILY MIRROR
SCOTTISH DAILY NEWS
SPORTING LIFE
SUNDAY PEOPLE
SUNDAY AMBITION
SCOTTISH SUNDAY MAIL
WESTERN SUNDAY TRUMPET
REVEILLE
BRISTOL NEWS
EAST CURNWALL TIMES
NEWTON ABERT TIMES
PILTON NEWS
PLYMOUTH TIMES
DORSET DEVON TIMES
TWEEDALE TIMES
TOSHAIR TIMES
FLEET DELIVERIA
WINDICATION INTERNATIONAL

Reed Paper Ltd (99%) (North America)

PULP AND PAPER
Bleached Mill Division, Drywood Mill Division, Chemical Division

FORESTRY AND WOOD PRODUCTS
Dried Wood Products Division, Drywood Products Division, Sawmills

REED LUMBER
Action Lumber, Cascade Lumber, Argo Lumber, Prime Lumber, Rock Lumber, Main Lumber
Miyahara Corporation, Maple Products, Newmarket Windows Manufacturing Co., Tamarack Lumber
Advanced Frontend Systems, James O. Duggan Co., Riverside Lumber, Woodbridge Lumber
Delmar Building Supplies (A-1 Deck), Carter Plywood (20%)

PACKAGING
Cartonboard Operations, Flexible Packaging Operations

LUMBER AND FINISHES
Lumber Division, Engineered Lumber Division, Plywood Division, Resin Division

DECORATIVE PRODUCTS
Decorative Division, Fibers Division, Fast Lane Division, Retail Furniture Division

TECHNICAL
Specialty Division, Data Engineering Division, Fibre Research, Research and Development

JOINT VENTURE INVESTMENTS
Prince George Pulp & Paper (50%)
Intercontinental Pulp (38%)
(50%) Takla Logging (50%)
Takla Forest Products

OTHER USE
Deer and Specialty Paper

PUBLISHING USA
Marketplace Products

Reed Finance (Pty) Limited (South Africa)

PAPER AND PULP
Merchandising Division, Sp...
(Special companies)
Woodstock and Retail Div...
(Pulping companies)

PRINTING AND PACKAGING
Corrugated Cases
(National Amalgamated)
8 factories in South Africa
Liquid Packaging
(Reecon - Conic)

BUILDING PRODUCTS
Plastics and Pitchfibre Pipe
(Pipekor Company)

DECORATIVE PRODUCTS
Paints Division
(Crown-Celestos Company)

ASSOCIATE COMPANIES
Stanger Pulp & Paper
(Pulp and fine paper)

Principal subsidiary companies

Irish Republic

Wallpapers Ltd 83%

□Walpamur Co (Ireland) Ltd 83%

Kenya

Walpamur Co (Kenya) Ltd

Malawi

Valmore Paints (Malawi)
(Private) Ltd

●Reed Building Products Ltd

Edward Curran Engineering Ltd

Key Terrain Ltd

L & P Plastics Ltd

Twyfords Ltd

●Walker, Croswell & Co, Ltd

Belgium

SA Manufactures Céramiques
d'Hemixen 98%

Holland

NV Koninklijke Sphinx

Australia

**Reed Consolidated Industries
Ltd 81%**

Paper Associates Ltd 81%

RPL Ltd 81%

Reed Building Products Pty Ltd 81%

Reed Paper Products Ltd 81%

Wilson Fabrics & Wallpapers
Ltd 81%

New Zealand

Alex Cowan & Sons (NZ) Ltd 81%

Ashley-Wallcoverings Ltd 48%

United States of America

Reed Irrigation Systems 81%

Canada

▲Reed Paper Ltd 99%

▲Papeterie Reed Ltee 99%

▲Reed Ltd 99%

▲Reed Decorative Products Ltd 99%

▲Reed Lumber Co Ltd 99%

▲Reed Packaging Ltd 99%

United States of America

▲Reed Forest Products Inc 99%

Deerfield Specialty Papers Inc 80%

Reed-Ingram Corporation 80%

South Africa

Reed Corporation (Pty) Ltd

Crown-Cebestos (Pty) Ltd 84%

Reed Building Products (Pty) Ltd

Spicers (Pty) Ltd

National Amalgamated

Packaging Ltd 52%

National Packaging Co Ltd 52%

Transvaal Box Manufacturers
(Pty) Ltd 52%

●Direct subsidiary of the Parent
Company

■Preference shares held by outside
interests

▲Redeemable Convertible Voting
Preferred Shares of Reed Paper Ltd
held by outside interests. On full
conversion of these shares the equity
interest in Reed Paper Ltd and its
subsidiaries would be reduced to 85%.

□24% Preference shares held
by outside interests

○Registered in Scotland

All the equity is held unless otherwise
stated; in these cases the ultimate
percentage interest held is shown.

